

**State of Alaska  
Department of Natural Resources  
Joint Pipeline Office  
411 West 4<sup>th</sup> Avenue, Suite 2C  
Anchorage, Alaska 99501**

**Commissioner's Statement of Reasons and Proposed Written Determination  
Trans-Alaska Pipeline Right-of-Way Lease Renewal  
ADL 63574**

**11 AAC 80.075**

**PROPOSED ACTION:**

The State of Alaska, Department of Natural Resources proposes to renew the Trans-Alaska Pipeline Right-of-Way Lease for a term of 30 years.

**INTRODUCTION:**

On May 3, 1974, the State of Alaska executed the Trans-Alaska Pipeline Right-of-Way Lease (Lease) authorizing the construction and operation of the Trans-Alaska Pipeline System (TAPS) across state land. TAPS currently crosses approximately 344 miles of state land between Prudhoe Bay and Valdez, Alaska. The Lease, issued under the authority of AS 38.35.010 - 260 (the "Right-of-Way Leasing Act"), provides a term of 30 years, subject to a right of renewal in accordance with the requirements of AS 38.35.110. The Lease will expire on May 2, 2004, if not renewed or in the process of renewal by that date.

The procedures for renewal of an AS 38.35 pipeline right-of-way (ROW) lease are set out in 11 AAC 80.065 - 085. On May 2, 2001, the TAPS Lessees submitted an application for renewal of the Lease, thus providing the minimum two years for processing required by 11 AAC 80.065. The State Pipeline Coordinator's Office (SPCO) published the required public notices of the application on May 23 and 24 and June 11, 2001, and has undertaken the in-depth review of Lessee's compliance with state laws, regulations, and terms of the lease required for approval of lease renewal under AS 38.35.110.

**RENEWAL REQUIREMENTS:**

AS 38.35.110 provides that the Lease shall be renewable provided the Lessee (1) is in commercial operation; (2) is in full compliance with all state law; and (3) is in compliance with all terms of the lease. In addressing the three renewal requirements the SPC report: (1) identifies documentation that establishes the continuing commercial operations of the Lessees; (2) provides a report from each state administrative agency identifying statutes or regulations of the agency that apply to the Lessees, and providing a determination by each regulating agency regarding the Lessees' compliance with their respective regulations; and (3) provides a detailed outline and analysis of the State Pipeline Coordinator's review of the Lessees' compliance with the Lease.

My determination on renewal of this ROW Lease is based on the administrative record, ADL 63574; information from the Lessees, as required; the State Pipeline Coordinator's Report issued June 28, 2002; and the independent analyses and reviews presented to me in the State Pipeline Coordinator's Report.

**FINDING:** Based upon the administrative record, ADL 63574, information from the Lessees and the independent analyses and reviews presented to me in addition to the State Pipeline Coordinator's Report, its attachments and appendices and the documentation cited therein:

(1) I find that the Lessees are in commercial operation, as required for renewal of the Lease under AS 38.35.110.

(2) I find that the Lessees are in full compliance with all state laws, as required for renewal of the Lease under AS 38.35.110 based on the written reports prepared by each state administrative agency for TAPS ROW Lease renewal.

(3) I find that the Lessees are in compliance with all terms of the Lease, as required for renewal of the TAPS ROW Lease under AS 38.35.110.

(4) I find that the ancillary facilities associated with the Lease are in compliance with the terms of the Lease and the associated permits.

**TERM OF RENEWAL:**

AS 38.35.110 was amended by the legislature, effective July 1, 2001, extending the maximum term applicable to a right-of-way lease renewal from 10 to 30 years. The Lessees' application for Lease renewal requests a 30-year renewal term. The JPO has published a technical engineering report titled Reliability Centered Maintenance that provides an analysis of the physical condition of the pipeline, the maintenance processes and standards adopted by the Lessees in conformance with (and subject to enforcement under) the requirements of the Lease, and the worldwide industry practices and standards that are applied to similar oil pipeline facilities for determination of useful life and safe operation. The conclusion of that report is that operation and maintenance of the TAPS facilities in accordance with the enforceable requirements of the lease will result in a useful life in excess of the 30 years applied for by Lessees.

**FINDING:** Based upon the Reliability Centered Maintenance report issued by the JPO that the useful life of the TAPS facilities is in excess of the 30-year renewal term requested in the renewal application and the administrative record, I find that the lease should be renewed for a term of 30 year term.

**DETERMINATION:**

Based on the findings stated above, the administrative record, information from the Lessees and the independent analyses and reviews presented to me in addition to the State Pipeline Coordinator's Report, its attachments and appendices and the documentation cited therein, it is my determination that the requirements of AS 38.35.110 for renewal of

the Lease have been met, that the useful life of the TAPS facilities exceed the applied for 30 year term of renewal, and that the Lease shall therefore be renewed for a period of 30 years. Additionally, any ancillary facilities used in conjunction with the Lease and applied for in the renewal application shall be renewed or issued for a like term of 30 years.

In conformance with 11 AAC 80.085, I direct that the following actions to be taken:

1. Provide a copy of my determination to the Lessees and their agent.
2. Make copies of the written determination and the Lease available to the public for viewing.
3. Provide copies of the written determination, upon request, to the public at cost.
4. Solicit written comments from the public for a minimum of 30 days ending on August 20, 2002 at 5:00 p.m., and schedule public hearings in the communities of Cordova, Valdez, Glennallen, Anchorage, Fairbanks, Minto and Barrow, Alaska.

Any comment, objection or expression of interest pertaining to the proposed actions must be received in writing by the State Pipeline Coordinator's Office at the above address on or before 5:00 p.m., August 20, 2002, to ensure consideration. If I revise the proposed written determination following closure of the public comment period on August 20, 2002, the revised written determination will be published consistent with AS 38.35.070. My written determination, or if revised, the revised written determination, is the final administrative decision 30 days after the end of the public comment period unless, in writing, I extend that 30 day period for a specified period of not more than 90 additional days to allow for full consideration of the comments received. If the department requires additional time to consider public comments, notice of this action would be published on or about September 19, 2002 (11 AAC 80.085(d)).

---

Pat Pourchot, Commissioner  
Alaska Department of Natural Resources

---

Date